



**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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*Executive Director*

November 8, 2006

Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**MODIFICATIONS TO HOME OWNERSHIP PROGRAM (ALL DISTRICTS)  
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that increases in home loan amounts for the Home Ownership Program and approval of the Homeownership Code Improvement Grant Program as described herein are not subject to the provisions of the California Environmental Quality Act (CEQA).
2. Approve and authorize the Executive Director of the Community Development Commission to modify the Home Ownership Program to increase maximum loan amounts, as described herein, to be effective on the date of Board approval.
3. Approve and authorize the Executive Director of the Community Development Commission to modify the Home Ownership Program to implement the Homeownership Code Improvement Grant Program (HIP) to correct housing code violations to be effective on the date of Board approval.

**PURPOSE /JUSTIFICATION OF RECOMMENDED ACTIONS:**

The recommended changes are allowed by the U. S. Department of Housing and Urban Development (HUD) under existing HOME Investment Partnerships Program (HOME) guidelines. The program changes will offer additional home ownership opportunities for low-income County residents in the current housing market.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. Countywide HOME funds contained in the Commission's approved annual budget are used for the Home Ownership Program.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

In 1994, your Board authorized the Commission to administer a Home Ownership Program (Program) to provide HOME loans to homebuyers with incomes that do not exceed 80 percent of the Area Median Income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by HUD. Under this Program, the Commission provides secondary financing for the purchase of existing homes. In specified low-income target areas with low rates of homeownership, the Program offers loan amounts of up to \$60,000 or 25 percent of the purchase price, whichever is less. Loans in non-target areas may be up to \$50,000 or 20 percent of the purchase price, whichever is less. Loans are zero percent interest, deferred payment loans payable when the home is resold, transferred or refinanced.

The Program's current loan limits severely restrict the home ownership opportunities for many applicants in today's high-priced real estate market. In order to continue to effectively serve prospective low-income homebuyers and to keep pace with rising costs in the housing market, the Commission recommends removing the specific dollar limits for loans made in both target and non-target areas.

Maximum loan amounts would increase up to 25 percent of the purchase price in target areas, and up to 20 percent of the purchase price in non-target areas. Currently the maximum purchase prices allowed by HUD under the HOME Program are \$474,050 for single-family homes and \$389,500 for condominiums or townhomes.

Homes purchased with HOME funds are required to meet specific HUD Housing Quality Standards. The Homeownership Code Improvement Grant Program (HIP) will provide funding for correction of code violations, if any have been identified in the Home Inspection Report, before the purchase is completed. HIP grants will not exceed a maximum of \$10,000.

**ENVIRONMENTAL DOCUMENTATION:**

Approval of increases in the maximum loan amounts for the Home Ownership Program and approval of the HIP Grant to correct code violations are exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not


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have a physical impact or result in any physical changes to the environment. These actions are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because they are not defined as a project under CEQA as they are administrative activities that do not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT PROGRAMS:**

The recommended Home Ownership Program modifications will improve the quality and increase the affordability and supply of housing owned by low-income residents in the unincorporated County and participating cities.

Respectfully submitted,

  
for CARLOS JACKSON  
Executive Director